



## PAYROLL DEFERRAL -How Employees Can Prepare-

When a budget bill mandates a payroll deferral, it means that the regular payroll of June 30 cannot be issued prior to July 1. For any employee, this means the pay they would typically receive on June 30<sup>th</sup> will not be received until July 1.

The Personnel Cabinet tries to make this transition as smooth as possible, but also realizes that employees are likely to have questions and concerns. For this reason, a detailed list of information and answers to frequently asked questions, have been compiled. These further explain the delay in payroll and describe the impact it may have on an employee.

Additionally, there are some important things an employee can do to become more prepared:

- **Direct deposit:** The majority of employees are conveniently enrolled in direct deposit. This allows the June 30<sup>th</sup> payroll to be direct deposited into a bank account and/or onto a Payroll Card on July 1<sup>st</sup>. Posting times for deposits vary by bank/credit union, so employees should contact theirs if they need to know exactly when their funds will be available. For Payroll Cards, deposits will post by 6:00 a.m. eastern time, on pay day/July 1<sup>st</sup>.

With direct deposit, employees are able to avoid the instance where they may be out of town or unavailable to pick up their check, especially since payroll deferrals fall during the week of the July 4<sup>th</sup> holiday. It also eliminates the need to make time for the trip to deposit or cash the check.

If an employee is not currently enrolled in direct deposit and would like to be, they can visit the [Personnel Cabinet website](#) for more information. Enrollment can be completed online through KHRIS Employee Self-Service or with the assistance of their HR Administrator. To enroll in time for the payroll deferral, one should do so *before* June 15.

- **Review automatic bills:** If an employee has any bills that are automatically paid on the 30<sup>th</sup> of the month, they may want to consider changing the scheduled payment. While the Personnel Cabinet has notified financial institutions about the delay in pay, an automatic bill payment to a third party will be deducted from their account as scheduled. It is a good idea to make these changes as soon as possible, because some businesses may require a certain number of days before making these changes effective.
- **Make alternative arrangements:** No amount from the June 30 payroll may be paid to employees before July 1, which is the first banking day of the new fiscal year. For the few employees who may continue to receive paper checks, agencies are not to provide these checks early to employees, and banking institutions have been advised that these checks should not be cashed early. Employees should make alternative arrangements as they deem fit, keeping in mind that the July 4<sup>th</sup> holiday is also that week – which is important for any travel plans they may have planned.

NOTE: As stated in the [Employee Handbook](#), payroll deferrals began in 2012 based on the 2010-2012 Budget Bill enacted by the General Assembly. Since that event, a payroll deferral has continued to be mandated in each subsequent budget bill. In the event that a future budget bill is enacted that ends this practice, employees will be properly notified. However, without such notice, it should be expected that each year the June 30th pay will be deferred to July 1st or after.

We are hopeful that with this additional information and guidance, we can limit the impact felt by state employees. Should an employee have additional questions after reviewing this information and the FAQ document, they should contact their HR Administrator.